



**COMPREHENSIVE BUDGET PLAN
FOR 2020-21**

May, 2020

EXECUTIVE SUMMARY

At this time of unprecedented challenge in our province, our country and the world, the University of Regina's 2020-21 Comprehensive Budget Plan provides a responsible approach to budget development that offers stability to the Faculties and administrative units. With a 0% increase in tuition and fees, it responds to the needs of students and their families at this time of economic stress.

At this point in time, the impact of the global pandemic on the University cannot be accurately estimated. There are many unknowns, including enrolments. As such, we are presenting a status quo budget in which we leave projected enrolments and revenues at 2019-20 levels and also maintain the budget allocations in the Faculties and units constant while providing for known unavoidable and inflationary cost increases.

Although the proposed 2020-21 operating budget for the University of Regina is balanced, as required by Board policy, it is highly likely that the revenue targets outlined in the budget will not be achieved. At the same time, expenses will likely decrease during this period to account for some of the revenue losses. These shortfalls are anticipated to be temporary, with revenues returning to pre-pandemic levels either next year or the year following. Any one-time shortfall in revenue will be dealt with by adjusting expenditure levels during the 2020-21 year, closely monitoring and controlling staffing levels, and as necessary, through carryforward.

Highlights of the proposed University operating budget include:

- There will be a 0% increase in tuition and fee levels.
- The 2020-21 provincial operating grant increased by \$2,191,400.
 - Despite a challenging economic environment, the University received a 1% economic adjustment of \$1,070,000 from the Government of Saskatchewan, and a further \$540,000 from the application of the provincial funding formula.
 - There was a \$100,000 reduction in targeted flow-through funding for the MacKenzie Art Gallery.
 - There was a reduction in the Saskatchewan Innovation and Opportunities Scholarship funding of \$12,600.
 - There was a \$694,000 increase to regular and anticipated complementary funding related to French language offerings in La Cité and le Bac in the Faculty of Education.
- The operating budget includes adjustments to offset unavoidable and inflationary cost increases for a number of items such as salaries and benefits, central software licensing, insurance, space rental, the Carbon Tax, and Canada Pension Plan rate increases.
- In total, expenditures are budgeted to increase by \$6.6 million over 2019-20.
- These investments are made possible by the higher-than-anticipated revenue from 2019-20 enrolment growth, the increase in the provincial operating grant, and the impact of the prior year's 2.8% tuition rate increase on the Spring and Summer semester.
- Academic and administrative units across the University will once again have to find economies to cover the inflationary costs of sessional instruction and non-salary expenditures.

Budgets are also proposed for the University’s other funds:

- Preventative Maintenance and Renewal Funding from the Province is unchanged at \$5,068,000. The internal allocation of these funds is unchanged from recent years.
- The \$35.2 million capital expenditure budget includes \$27.8 million for capital projects, \$0.79 million for equipment replacement, and \$6.57 million for interest on debt from past capital projects. (There are funds for equipment replacement in the operating fund as well.) Total Capital Fund revenue is projected at \$18.5 million. The excess of expenditures over revenues has been funded in prior years or through borrowing against future revenues.
- The ancillary services budget is in balance with the planned exception of the residence operations. The budgeted residence deficit of \$3.99 million reflects a continued softening in the residence market demand and inflationary increases in costs. Similar to the operating fund, ancillary fund revenues will be impacted negatively by the COVID-19 pandemic. The impact is not currently known and reasonable estimates cannot currently be generated. Any shortfall in revenues will result in losses that will add to the number of years that the ancillaries will carry a deficit prior to becoming self-sustaining. Recent years have resulted in savings in the long-term business plan for the residences which will help offset any one-time COVID-19 impacts.
- Research income and expenditures of \$18.8 million as well as trust and endowment income and expenditures will continue to contribute to the success of the University of Regina. Net revenue from trust and endowment funds is projected at \$8.3 million. The expenditures made possible by these revenues are an important source of financial aid to students.

Adding together all funds (operating, vacation pay accrual, capital, ancillaries, research, trust and endowment), the University of Regina budget plan for 2020-21 contemplates total revenues of \$314 million and total expenditures of \$327 million.

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| INTRODUCTION |
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THE 2020-21 BUDGET PROCESS

Prior to the COVID-19 outbreak, the 2020-21 budget development process began, as usual, through extensive consultation over much of the 2019-20 fiscal year. The cycle began with the summer 2019 preparation of the *2020-21 Operations Forecast*, reviewed and approved by the Board and presented to the Ministry of Advanced Education.

In January 2020, budget managers – including deans, associate vice-presidents, and directors – provided budget submissions. Budget managers were asked to identify the following:

- Opportunities within their unit for further economies in expenditures for 2020-21 and beyond
- Opportunities within their unit (or in cooperation with other units) for additional revenue generation, identifying any supports that would be required to realize these revenues
- A short list of high-priority initiatives or needs.

Budget managers were invited to present at meetings attended by the President’s budget advisors, other budget managers, and members of the Council Committee on Budget. Additionally, one town hall budget forum was held at the end of January to present information, answer questions, and

receive suggestions from the campus community. An email address for budget questions and suggestions was also published and several consultations were held with Deans' Council.

After attending the budget presentations, the Council Committee on Budget met several times to evaluate the budget submissions with the intent to provide advice to the President on their priorities in the development of the budget. In recent years this advice has been important in the preparation of the budget, particularly with regard to allocation of new positions.

In mid-March, the arrival in Saskatchewan of the COVID-19 pandemic made previous budget assumptions and requests irrelevant. The province announced how they would be addressing the budget on 18 March 2020 but a full budget was not tabled. Notably, however, the sector received a 1% increase in the operating grant, a clear mark of the province's support of postsecondary education. The second town hall budget forum that was planned for late March was cancelled as significant unknowns remained. The Council Committee on Budget ceased ranking budget priorities and the budget advisors to the President met to discuss the best approach to budget making given the new realities imposed by the pandemic.

Due to the level of uncertainty and unpredictability around the revenues and expenses of the University as a result of COVID-19, it was decided to present a status quo budget. Although revenues will likely be impacted negatively in the coming year, the budget advisors felt that these would be short-term and could be absorbed without making long-term budget expenditure decisions. This status quo budget was presented to the President, who then approved the final budget submission to the Board for its review and approval.

At all points in the process, the budget process depended on strong support from the Director (Executive Reporting Services) in Financial Services, who reviewed a variety of issues and provided financial data and estimates. Staff in the Office of Institutional Research and in Human Resources provided analysis and advice. Budget documents were prepared in Financial Services.

A website about the development of the 2020-21 budget provides a video of the town hall meeting, a copy of the town hall presentation, a schedule of the budget events, and other information (<https://www.uregina.ca/orp/budget/2020-21-budget.html>).

BUDGET PRINCIPLES

The following budget principles, as revised by the Board of Governors at its meeting of March 10, 2015, continue to guide the development of the budgets:

1. The annual budget process will be committed to transparency and openness. It will be a consultative process, including consultation with the Board of Governors and its Finance and Facilities Committee.
2. Deans, associate vice-presidents, and directors will have meaningful opportunities to make their budgetary needs known early in the budget process and shall be given opportunities for input during the budget development process.
3. The University's goals and objectives as outlined in the strategic plan and embodied in its academic mission of teaching, research and public service will underpin the budget process.
4. The operating budget shall be balanced.
5. Any change in the level of tuition fees shall conform to the tuition policy of the University.
6. Total operating expenditures should be comparable to those at other universities of a similar size and with a similar range of programs and services, all things being equal.
7. Annualized, base-budget operating funding shall be allocated in respect of all permanent faculty and staff positions.

8. Actual operating revenue and expenditure amounts will be used to prepare the budget insofar as they are known. Where it is necessary to estimate, the practice will be to underestimate revenues and overestimate expenditures, with the degree of under- or overestimation to depend on the amount of uncertainty inherent in a given estimate.
9. The operating budget shall comprise, insofar as possible, all of the operating revenues and expenses of the University. Any restructuring required to achieve and maintain this state will occur as quickly as incremental funding will allow.
10. The operating budget will recognize incremental revenues and expenditures as they arise and not defer such recognition to future budgets.
11. The budget process shall promote long-term institutional sustainability, curricular and program innovation, and the teaching and research reputation of the University.
12. Budget decisions shall rely on a careful balance of evidence and informed judgement.

OPERATING BUDGET

Table I displays, in two steps, the changes in operating revenues and expenditures from the 2019-20 operating budget to the 2020-21 proposed budget.

2019-20 BUDGET TO 2019-20 ACTUAL

As year-end nears, our current estimate of the actual 2019-20 experience naturally differs from the projected revenues and expenditures used in the 2019-20 budget. These differences are displayed in column B of Table 1.

Revenue: Total operating revenue is projected to be \$7.21 million more than budgeted

- Provincial grants are \$0.35 million greater than initially budgeted for in 2019-20. The grant received for the Bac program in the Faculty of Education was previously classified as a recovery and is now correctly shown in Provincial Grants.
- Tuition and fee income is \$6.13 million greater than initially budgeted for in 2019-20 because of higher-than-budgeted enrolments.
- Recoveries are \$0.72 million higher than budgeted as a result of a number of factors including an increase in the Rec and Athletic fee revenue due to increased enrolments. The increase in recoveries is completely offset by an equal increase in expenditures.

Expenditures: The net change in 2019-20 projected expenditures from the 2019-20 budget is \$2.45 million. The increase in student numbers required an increase in instructional salary spending and other operating costs.

As salaries and benefits increased during the year because of cost of living adjustments and career progress (including promotions and merit increments), the expenditure changes in Table I Column B reflect the transfer of funds during the year from the provision for salary increases to the budgets of Faculties and units.

It should be noted that Column C of Table I purposely will not match figures in the University's financial statements for 2019-20. This is because it does not include one-time revenue effects or one-time expenditure items for time-specific initiatives, payments and projects. Column C intends to portray the year-end level of revenues and expenditures in 2019-20 that continue into 2020-21.

Entering 2020-21, the net effect is an estimated base-budget positive position of \$4.77 million.

TABLE I

**UNIVERSITY OF REGINA
2020-21 BASE OPERATING BUDGET
(\$'000's)**

| | 2019-20 BASE BUDGET | CHANGES TO REFLECT 2019-20 ACTUALS | 2020-21 PRELIMINARY BUDGET | CHANGES TO BALANCE BUDGET | PROPOSED 2020-21 BUDGET |
|---|---------------------------|--|----------------------------------|---------------------------------|-------------------------------|
| | A | B | C (A+B) | D | E (C+D) |
| REVENUE | | | | | |
| GOVERNMENT GRANTS | | | | | |
| PROVINCIAL GRANTS | 108,409 | 350 | 108,759 | 2,190 | 110,949 |
| FEDERAL GRANTS | 2,360 | - | 2,360 | - | 2,360 |
| TOTAL GOVERNMENT GRANTS | 110,769 | 350 | 111,119 | 2,190 | 113,309 |
| TUITION AND FEES | | | | | |
| TUITION FEES AND PROGRAM FEES | 70,704 | 3,385 | 74,089 | 142 | 74,231 |
| TUITION FEES PAYABLE TO SASK POLYTECHNIC AND THE FEDERATED COLLEGE: | (14,227) | (462) | (14,689) | 78 | (14,611) |
| CENTRE FOR CONTINUING EDUCATION TUITION AND FEES | 37,981 | 3,278 | 41,259 | 291 | 41,550 |
| OTHER FEES | 2,556 | (74) | 2,482 | - | 2,482 |
| TOTAL TUITION AND FEES | 97,014 | 6,127 | 103,141 | 511 | 103,652 |
| OTHER INCOME | 705 | - | 705 | - | 705 |
| TRANSFERS | 2,925 | 22 | 2,947 | (39) | 2,908 |
| COST RECOVERIES | 18,125 | 715 | 18,840 | (780) | 18,060 |
| TOTAL REVENUE | 229,538 | 7,214 | 236,752 | 1,882 | 238,634 |
| EXPENDITURES | | | | | |
| FACULTIES | 124,322 | 4,886 | 129,208 | 426 | 129,634 |
| LIBRARY OPERATIONS & ACQUISITIONS | 10,217 | 354 | 10,571 | - | 10,571 |
| INFORMATION SERVICES | 12,633 | 160 | 12,793 | 208 | 13,001 |
| STUDENT AFFAIRS | 11,466 | 1,634 | 13,100 | (12) | 13,088 |
| UNIVERSITY OPERATIONS | 24,459 | 514 | 24,973 | (17) | 24,956 |
| UNIVERSITY SERVICES & OTHER EXPENSES | 9,601 | 93 | 9,694 | 568 | 10,262 |
| BENEFITS & PROVISION FOR SALARY INCREASES | 9,422 | (5,591) | 3,831 | 5,928 | 9,759 |
| FACILITIES MANAGEMENT | 27,418 | 399 | 27,817 | (454) | 27,363 |
| TOTAL EXPENDITURES | 229,538 | 2,449 | 231,987 | 6,647 | 238,634 |
| NET UNIVERSITY POSITION | - | 4,765 | 4,765 | (4,765) | - |
| EXPENDITURES | | | | | |
| Salaries and Benefits | 170,445 | 2,673 | 173,118 | 6,651 | 179,769 |
| Total Scholarships | 6,031 | - | 6,031 | (13) | 6,018 |
| Library Acquisitions | 3,120 | - | 3,120 | - | 3,120 |
| Utilities | 7,621 | - | 7,621 | (454) | 7,167 |
| Other Expenses | 42,321 | (224) | 42,097 | 463 | 42,560 |
| TOTAL EXPENDITURES | 229,538 | 2,449 | 231,987 | 6,647 | 238,634 |

2019-20 ACTUAL TO 2020-21 BUDGET

Column D of Table I summarizes the changes in revenue projected to be available to the University for 2020-21 and how it is proposed to allocate revenue increases to fund inflationary increases to expenditures while balancing the operating budget.

Revenues

Provincial operating grants: The University's total provincial operating support is expected to increase by \$2.19 million. The University received a 1% economic adjustment of \$1,070,000 and \$540,000 from the application of the funding formula. There was a \$100,000 reduction in targeted flow-through funding for the MacKenzie Art Gallery and a reduction in the Saskatchewan Innovation and Opportunities Scholarship funding of \$12,600.

The amount also reflects a change of \$644,000 in the treatment of funding for La Cité universitaire francophone whereby the regular funding committed in the University's budget letter from the province as well as anticipated complementary funding is budgeted. There is an offsetting adjustment in the expenditure budget related to La Cité. The complementary funding to be provided during 2020-21 is yet to be determined but an estimated amount has been made available to La Cité.

An increase of \$50,000 in funding for the le Bac program in the Faculty of Education has also been recorded. There is an offsetting adjustment in the expenditure budget related to le Bac.

The positive shift in funding resulting from the application of the Saskatchewan Universities Funding Model (+\$540,000) reflects the University of Regina's greater growth, relative to the University of Saskatchewan, in enrolments and research funded by CIHR. This was offset by lower growth in graduate supervision and research funded by SSHRC and NSERC.

Federal grants: The federal government grant for the indirect costs of research (the Research Support Fund) is budgeted to be the same as 2019-20 at \$2.36 million. The actual amount is expected to be announced shortly.

Tuition and fees: The total net revenue increase from tuition and fees is budgeted at \$0.51 million. This total incorporates the impact of the prior year's 2.8% rate increases on the Spring and Summer semester. In recognition of the financial impact that COVID-19 is having on students and their families, the University is proposing no tuition and fee increases for the 2020-21 year. In line with a status quo budget, we are projecting enrolments to remain static. Any revenue impact from possible enrolment declines will be absorbed in the short term with the expectation that enrolments will recover and stabilize after the COVID-19 pandemic is behind us.

The Centre for Continuing Education: The contribution by the Centre for Continuing Education (CCE) to the University's operating budget is projected to be \$19.54 million, an increase of \$2.6 million over the 2019-20 budgeted amount and \$67,000 more than the projected outcome for 2019-20. The CCE surplus is a vital source of revenue to the University. It supports staffing and programming in Faculties and units across campus. CCE will also continue its annual contribution to servicing the debt for the College Avenue Campus Renewal (\$1 million).

Recoveries: Recoveries, primarily for utilities, are budgeted to be \$0.78 million lower than projected in 2019-20. With the reduced level of activity on campus during COVID-19, utilities are budgeted to be lower than they were in 2019-20. This results in lower utilities recovered from partners by \$0.31 million. In addition, the Recreation and Athletic Fee in Kinesiology has not been assessed for the Spring and Summer semester due to COVID 19 resulting in a decline in recoveries of \$0.47 million.

Expenditures

The budget provides funding for non-discretionary inflationary cost increases including salary and benefit increases for current employees.

Academic and academic support investments: The increase in funding for Faculties represents:

- Increase to the budgets of La Cité and le Bac (\$694,000) that corresponds with the increase in regular funding and anticipated complimentary funding in provincial operating grants.
- Increase to the budget of the Centre for Continuing Education (\$223,000) for sessional teaching cost increases and increased profit sharing with the faculties on the increased spring and summer semester tuition fees.
- Adjust the Kinesiology budget (-\$471,000) to correspond with the reduction in revenue resulting from not assessing the Recreation and Athletic fee in the spring and summer semester.
- Teaching equipment provisions of \$200,000 each for the Faculty of Science and the Faculty of Engineering and Applied Science, base-funded in the 2014-15 operating budget, are retained at the same level. Over the years, these have provided the two Faculties with \$1.4 million each for equipment renewal.

Student Financial Assistance: The proposed operating budget shows a decrease in the level of financial assistance of \$12,600 compared to the 2019-20 budget. The operating budget incorporated the decrease in funding from the provincial government for Saskatchewan Innovation and Opportunities Scholarships of \$12,600.

Benefits and Provision for Salary and Benefit Increases for Faculty and Staff: This amount of \$9.76 million includes the University's costs for employee benefits (including accountable professional expense accounts, retiring allowances, employment insurance rebates and parental leaves), the provision for increased salaries and benefits based on obligations of collective agreements, the annualization of faculty salaries for those hired during 2019-20 and the salaries and benefits of new employees (previously approved) known to be joining the University in 2020-21. It includes a \$330,000 increase in employer's payments to the Canada Pension Plan as the result of rate increases.

Information Services: The budget for maintenance contracts to support central research, teaching and administrative licenses and systems increases by \$208,000. The amounts budgeted for the desktop computing Evergreen program and the telephone exchange are unchanged.

University Services and Other Expenses: This budget total increases by \$568,000. There are a number of inflationary non-discretionary increases including; the cost of Banking, Legal, Bad Debt and Other Recurring Costs (\$63,000); Space rental expenditures (\$81,000); insurance costs (\$124,000); administrative leaves (\$141,000); top-up for Canada Research Chairs budgets (\$9,000); and funding for the Norman MacKenzie Art Gallery (\$150,000).

Facilities Management and Utilities: The budget for Facilities Management is decreased by \$55,000 from the 2019-20 budget. Utility expenses are forecast to decrease by \$454,000 gross and \$147,000 net of recoveries. The decreases are a result of reduced activity on campus due to COVID-19 and the impact of the Carbon Tax (\$693,000 gross and \$352,000 net of recoveries).

Summary: Operating budget expenditures are budgeted to increase by \$6.6 million over 2019-20 projected spending and a \$9.1 million increase from the initial 2019-20 budget.

USE OF ONE-TIME FUNDS

\$940,270 of one-time expenditures will be funded from uncommitted surplus operating funds from 2019-20. (The comparable figure in the previous year was \$2.19 million.)

Research items to be funded are:

- Continuation of support (Year 5 of 5) for the Fedoruk Chair in Nuclear Imaging Technologies (\$30,000)
- Funding (\$44,000) for the University's share of the costs of an Equity, Diversity and Inclusion (EDI) Institutional Capacity-Building project (the second of a two-year commitment). This project received major funding through NSERC. Along with a base-budget allocation in 2019-20 (\$15,000) to the Research portfolio for Diversity, Inclusion and Unconscious Bias Education, these projects address a requirement for the University's continuing eligibility for Canada Research Chairs funding.

Other items funded include:

- Start-up funds for the operation of the University Testing Centre (\$373,270)
- Continuation of an Advancement pilot project working with 3 Faculties (the second of a four-year commitment) (\$293,000)
- Start-up of a University-operated Health Centre (\$200,000 to Nursing) (the second of a three-year commitment)

CAPITAL FUND

PREVENTATIVE MAINTENANCE AND RENEWAL

The provincial Preventative Maintenance and Renewal grant for 2020-21 is \$5.068 million, unchanged from the amount in each of the past five fiscal years. Table II displays the proposed allocation of the available funds, which is also unchanged from recent years.

After providing for the required debt payment of \$980,000 with respect to previous external borrowing for utilities upgrades and other capital improvements, the amount available for priority facilities projects and equipment renewal is \$4.088 million.

The allocation to Facilities Management for projects for plant restoration and renovations is \$3.5 million. Funding for equipment is \$588,000. The allocation to Information Services for IT infrastructure renewal and upgrades across the campus is unchanged at \$450,000. Facilities Management will receive \$138,000 for classroom and common space furnishings (primarily seating upgrades in the Classroom Building).

TABLE II

**UNIVERSITY OF REGINA
2020-21 PREVENTATIVE MAINTENANCE AND RENEWAL ALLOCATION
(000's)**

FUNDS AVAILABLE:

| | 2019-20 | 2020-21 |
|------------------------------|--------------|--------------|
| PROVINCIAL GRANT | \$ 5,068 | \$ 5,068 |
| TOTAL FUNDS AVAILABLE | 5,068 | 5,068 |

ALLOCATION:

| | | |
|--|-----------------|-----------------|
| FACILITIES MANAGEMENT - PRIORITY PROJECTS | <u>3,500</u> | <u>3,500</u> |
| EQUIPMENT RENEWAL: | | |
| EQUIPMENT | 588 | 588 |
| Subtotal | <u>588</u> | <u>588</u> |
| DEBT REPAYMENT: | | |
| 2005 UTILITIES UPGRADE, AD-HUM RENOVATIONS, ETC. | 980 | 980 |
| Subtotal | <u>980</u> | <u>980</u> |
| TOTAL ALLOCATION | \$ 5,068 | \$ 5,068 |

CAPITAL BUDGET

Table III presents the Capital Fund budget for 2020-21. The \$35.2 million capital expenditure budget includes \$27.8 million for capital projects, \$0.79 million for equipment replacement, and \$6.57 million for interest on debt from past capital projects. Total revenue is projected at \$18.5 million. Funds to be provided in 2020-21 by the provincial government for Preventative Maintenance and Renewal (\$5.07 million) and for principal and interest payments on past sustaining capital borrowings (\$1.61 million) appear in revenues. Funds are transferred from the ancillary fund, trust funds, and operating units to the capital fund (in total \$11.64 million) in order to make payments on mortgages or loans with respect to residences and to fund other projects.

There is no direct impact on the University’s operating budget from these capital expenditures.

Projects always consider opportunities to reduce future maintenance and utilities costs.

Every capital project has a funding source identified prior to work being done on the project. The \$16.7 million excess of expenditures over revenues has been funded in prior years or through borrowing against future revenues.

TABLE III

**UNIVERSITY OF REGINA
2020-21 CAPITAL FUND BUDGET
(000's)**

| REVENUES | 2019-20 | 2020-21 |
|--|------------------|------------------|
| Government Grants | | |
| Provincial Capital Grant | \$ 5,068 | \$ 5,068 |
| Capital Grant Loan Payments | 1,723 | 1,609 |
| Federal Funding - Community Connections Project | 73 | - |
| Total Government Grants | 6,864 | 6,677 |
| Corporate Funding | | |
| Conexus Donations | 344 | - |
| Total Corporate Funding | 344 | - |
| Interfund Transfers | | |
| Ancillaries for Kisik Residence | 3,727 | 3,721 |
| Ancillaries for Paskwaw/Wakpa Residence | 3,081 | 3,081 |
| Transfers from Bond Trust Funds for Interest Expense | - | 2,307 |
| Operating Units for Capital Projects | 1,445 | 1,415 |
| UR International Transfer for URI Office Renovation | 800 | 795 |
| Ancillaries for CKH&S Parkade | 250 | 250 |
| Ancillaries for College West Mortgage | 103 | 45 |
| Transfers to pay for Debt Payments on Utilities/Artificial Grass | 30 | 30 |
| Parking Transfer for Parking Services Renovation/Expansion | 600 | - |
| Student Affairs for La Cité Remediation Project | 400 | - |
| Transfer for Darke Hall - Enabling Accessibility | 800 | - |
| Transfer for La Cité Community Connections Project | 243 | - |
| Total Interfund Transfers | 11,479 | 11,644 |
| Interest Revenue | | |
| Alliance Building Loan | 41 | - |
| Total Interest Revenue | 41 | - |
| Miscellaneous Recoveries | 200 | 200 |
| TOTAL REVENUE | \$ 18,928 | \$ 18,521 |

TABLE III

**UNIVERSITY OF REGINA
2020-21 CAPITAL FUND BUDGET
(000's)**

EXPENDITURES

| | 2019-20 | 2020-21 |
|---|--------------------|--------------------|
| Priority Capital Projects in Excess of \$500,000 | | |
| Darke Hall Restoration | 8,850 | 11,652 |
| New Building for Hill and Levene Schools of Business | 353 | 1,366 |
| Conexus Site Servicing | 1,100 | 958 |
| UR International Office Renovation | 800 | 940 |
| Education Foundation Repairs | - | 850 |
| EFC Digital Master Control | - | 695 |
| Kinesiology Office Renovation | - | 635 |
| Elevator Hydraulic Cylinder Replacement | 350 | 577 |
| College Avenue Campus (CAC) Revitalization | 447 | 451 |
| Central Testing Facility | 2,463 | 445 |
| College Avenue Campus (CAC) Support for Conexus Development | 334 | 269 |
| Parking Services Renovation/Expansion | 600 | 102 |
| College West Renovation | 850 | 100 |
| Asbestos Removal and Pre-Action (AH 106) | - | 72 |
| University Drive South Road Reconstruction | 636 | 64 |
| Heating Plant Roof Replacement | 1,466 | 39 |
| College Avenue Campus (CAC) Parking Lot Renewal | 100 | 25 |
| College Avenue Campus (CAC) Historic Lecture Theatre | 1,054 | 10 |
| Classroom/Lab Building Fire Separators | 480 | - |
| College West Switchgear and Distribution Upgrade | 162 | - |
| Faculty of Education Teaching Labs | 626 | - |
| La Cité Community Connections | 461 | - |
| La Cité Remediation | 512 | - |
| PTRC Lab renovations | 10 | - |
| Wayfinding Signage Project | 25 | - |
| Total Priority Capital Projects in Excess of \$500,000 | 21,679 | 19,250 |
| Priority Capital Projects | 5,399 | 8,573 |
| Capital Equipment Replacement From PMR Funding | 588 | 588 |
| Interfund Transfers | | |
| Capital Equipment Replacement | 362 | 200 |
| Total Interfund Transfers | 362 | 200 |
| Interest on Debt | | |
| Series A Debenture | 398 | 2,706 |
| FNUC Parking Lot Financing | 8 | 6 |
| Paskwaw/Wakpa Residence Financing | 1,402 | 1,297 |
| Kisik Residence Financing | 2,046 | 1,979 |
| CKH&S Parkade Financing | 114 | 105 |
| Utility/Artificial Grass Field Loan Financing | 292 | 242 |
| Capital Grant Loans | 291 | 234 |
| Total Interest on Long-Term Debt | 4,551 | 6,569 |
| TOTAL EXPENDITURES | \$ 32,579 | \$ 35,180 |
| NET CAPITAL POSITION | \$ (13,651) | \$ (16,659) |

ANCILLARY FUND BUDGET

The 2020-21 budget for the University’s ancillary services is presented in Table IV. The Ancillary Fund budget is in balance with the planned exception of the residence operations. The residence deficit is budgeted at \$3.99 million (compared to the budgeted \$5.46 million deficit in 2019-20). This deficit will eventually be recovered through surpluses on the residence operations in future years. There is no impact on the operating budget from this deficit as it will be recovered from future ancillary revenues consistent with the long term business plan for the residences.

Similar to the operating fund, ancillary fund revenues will be impacted negatively by the COVID-19 pandemic. The impact is not currently known and reasonable estimates cannot currently be generated. Any shortfall in revenues will result in losses that will add to the number of years that the ancillaries will carry a deficit prior to becoming self-sustaining.

The budgets for the operations of parking services and the residences incorporate rates previously approved by the Board: an average of 3% increase for parking and freezes on residence rates.

TABLE IV

**UNIVERSITY OF REGINA
2020-21 ANCILLARY FUND BUDGET
(000's)**

| | REVENUE | | | EXPENDITURE | | | NET POSITION | | |
|---------------------------------|-----------|---------------|--------------|---------------|--------------|----------------|--------------|----------------|--|
| | 2020-21 | | | | | | 2019-20 | | |
| | REVENUES | | EXPENDITURES | | NET POSITION | | NET POSITION | | |
| PARKING | \$ | 3,947 | \$ | 3,636 | \$ | 311 | \$ | 92 | |
| BOOKSTORE | | 3,662 | | 4,039 | | (377) | | (219) | |
| PRINTING SERVICES | | 220 | | 196 | | 24 | | 4 | |
| FOOD SERVICES | | 692 | | 701 | | (9) | | 75 | |
| LEASED SPACE | | 57 | | 2 | | 55 | | 48 | |
| TOTALS BEFORE RESIDENCES | | 8,578 | | 8,574 | | 4 | | - | |
| TOTAL RESIDENCES | | 9,904 | | 13,896 | | (3,992) | | (5,456) | |
| TOTAL ANCILLARIES | \$ | 18,482 | \$ | 22,470 | \$ | (3,988) | \$ | (5,456) | |

RESEARCH FUND

Because of the inherent unpredictability of both revenue and expenditures, it is difficult to construct a meaningful Research Fund budget. On the revenue side there are significant variations from year to year in the total amount of grant and contract money received. Some grants or contracts will expire during the year with no opportunity for renewal, while some new opportunities for grants will arise. Moreover, the majority of federal research grants are made as of April 1, i.e., in the final month of the University’s fiscal year, making it all the more problematic to calculate a reasonable estimate for research revenues a year in advance.

Total research revenues depend on several factors:

- how much funding is made available by federal and provincial governments and by industry and other research funders;
- how many University of Regina researchers apply for these and other external research funds;
- how much funding they request; and
- how successful they are as competition for these funds increases year by year.

With respect to expenditures, the University cannot predict with certainty the rate at which the funds will be expended. The use of such funds must conform to both the University’s policies and those of the funding agency. Overspending is not permitted on research funds.

Nevertheless, it is useful to provide in the budget plan a sense of the anticipated amount of research funding. Table V presents a rudimentary research budget based on the 5-year average of revenues, adjusted to reflect the possible impact of known factors.

TABLE V

**UNIVERSITY OF REGINA
2020-21 RESEARCH FUND BUDGET
(000's)**

| REVENUE | 2019-20 | 2020-21 |
|----------------------------------|----------------|----------------|
| Government Grants | \$ 13,575 | \$ 14,612 |
| Other Income | 3,703 | 4,204 |
| TOTAL REVENUE | 17,278 | 18,816 |
| EXPENDITURES | | |
| Authorized Research Expenditures | \$ 17,278 | \$ 18,816 |
| TOTAL EXPENDITURES | 17,278 | 18,816 |
| Net Position | \$ - | \$ - |

THE TRUST AND ENDOWMENT FUND

Developing a budget for the Trust and Endowment Fund is arguably even more challenging than preparing a Research Fund budget. The Trust and Endowment Fund has three main sources of funding: investment returns, new funds from fund-raising activity, and net transfers-in from other funds for investing purposes. Estimating returns on equities and bonds is notoriously fraught with difficulty; there can be dramatic changes in investment returns and, as a result, in the value of the Trust and Endowment Fund from one year to the next. With respect to fund-raising, the timing of individual large gifts is uncertain. Finally, most of the assets of the Trust and Endowment Fund have been provided to the University with restrictions on their use; the University has little latitude in determining the spending rate on these funds. COVID-19 has added to the uncertainty surrounding returns and has resulted in severe impairments to the value of investments held. The market reaction to life after COVID-19 is not known, so no impairments have been shown in this budget.

With these limitations, a Trust and Endowment Fund budget for 2020-21 is presented in Table VI.

TABLE VI

**UNIVERSITY OF REGINA
2020-21 TRUST AND ENDOWMENT FUND BUDGET
(000's)**

| REVENUE | 2019-20 | | 2020-21 | |
|------------------------------|-------------------|------------------|-------------------|------------------|
| | Trust Fund | Endowment | Trust Fund | Endowment |
| Investment Income | \$ 3,984 | \$ 1,992 | \$ 4,653 | \$ 2,326 |
| Fundraising Income | 3,094 | 507 | 1,910 | 151 |
| Operating Scholarship Income | 677 | - | 1,236 | - |
| Transfers from Other Funds | 1,000 | - | 3,433 | - |
| TOTAL REVENUE | \$ 8,755 | \$ 2,499 | \$ 11,232 | \$ 2,477 |
| EXPENDITURES | | | | |
| Student Support/Campaign | \$ 1,399 | \$ - | \$ 1,512 | \$ - |
| Operating Scholarships | 677 | - | 1,236 | - |
| Transfers to Other Funds | 2,703 | - | 2,706 | - |
| TOTAL EXPENDITURES | 4,779 | - | 5,454 | - |
| Net Position | \$ 3,976 | \$ 2,499 | \$ 5,778 | \$ 2,477 |

THE OVERALL FUNDING PICTURE

Table VII aggregates the budgets presented in Tables I to VI to provide a summary of the University's anticipated revenues and expenditures. Its main purpose is to give an indication of the magnitude of the annual financial operations of the University of Regina, with total anticipated revenues of \$314 million and expenditures of \$327 million during the 2020-21 fiscal year. This compares to \$302 million in revenues and \$314 million in expenditures in the 2019-20 budgets.

It is important to understand that none of the fund budgets will be realized precisely as presented. This is particularly true as we move through the pandemic and its after-effects. The Board of Governors, in the context of its fund-monitoring policy, receives and reviews interim reports on the operating, capital and ancillary funds during the fiscal year.

The following should also be noted. The Comprehensive Budget Plan has been prepared using generally accepted accounting principles consistent with those used in the University's audited financial statements, with the following exceptions:

- No provision has been made for amortization of capital assets. Capital asset purchases are included in budgeted expenditures at their full acquisition cost.
- No provision has been made for the disposal of any capital assets and the gain or loss to be incurred on any such disposal.
- No provision has been made for any possible change in the accrual of vacation pay and pension accrual.
- The operating budget includes one amount for all recoveries, internal and external. The financial statements show external cost recoveries as revenues, but nets internal cost recoveries against expenditures, based on an estimate of which cost categories they were recovered from.
- Certain expenditure and revenue amounts in the operating budget are treated as interfund transfers if they are "spent" or "received" by moving them to another fund. For example, expenditures by a faculty for room renovations will be shown as an interfund transfer of funds from the Operating Fund into the Capital Fund. Facilities Management will then charge the renovation expenditures to the Capital Fund.

TABLE VII

**UNIVERSITY OF REGINA
2020-21 ALL UNIVERSITY FUNDS
(\$000's)**

| | GENERAL FUND | | | | | RESTRICTED FUND | | | | ENDOWMENT FUND | TOTAL ALL FUNDS |
|-------------------------------|----------------|---------------------------|----------------|-----------------------|--------------------|--------------------|---------------|---------------|-----------------------|-----------------|--------------------|
| | OPERATING FUND | VACATION PAY ACCRUAL FUND | ANCILLARY FUND | SPECIAL PROJECTS FUND | TOTAL GENERAL FUND | CAPITAL ASSET FUND | RESEARCH FUND | TRUST FUND | TOTAL RESTRICTED FUND | | |
| REVENUES: | | | | | | | | | | | |
| GOVERNMENT GRANTS | \$ 113,309 | - | - | 1,460 | \$ 114,769 | 6,677 | 14,612 | - | \$ 21,289 | \$ - | \$ 136,058 |
| STUDENT FEES | 103,652 | - | - | 225 | 103,877 | - | - | - | - | - | 103,877 |
| OTHER INCOME | 21,673 | - | 18,482 | 4,559 | 44,714 | 11,844 | 4,204 | 11,232 | 27,280 | 2,477 | 74,471 |
| TOTAL REVENUE | 238,634 | - | 18,482 | 6,244 | 263,360 | 18,521 | 18,816 | 11,232 | 48,569 | 2,477 | 314,406 |
| EXPENDITURES: | | | | | | | | | | | |
| | 238,634 | - | 22,470 | 6,244 | 267,348 | 35,180 | 18,816 | 5,454 | 59,450 | - | 326,798 |
| TOTAL EXPENDITURES | 238,634 | - | 22,470 | 6,244 | 267,348 | 35,180 | 18,816 | 5,454 | 59,450 | - | 326,798 |
| | | | | | | | | | | | |
| NET REVENUE/(EXPENSES) | \$ - | - | (3,988) | - | \$ (3,988) | (16,659) | - | 5,778 | \$ (10,881) | \$ 2,477 | \$ (12,392) |